

INFORMATION LETTER

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NATIONAL CANNERS ASSOCIATION

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URGES CANNERS TO BID

President Paulus Makes Plea for Action in Meeting Defense Needs

An incisive statement of the necessity for providing the canned food supplies required by the nation's armed forces, along with a plea that each canner do his individual share in meeting this problem, is contained in a letter from President Robert C. Paulus, which was mailed this week to every canner in the country. The text of his letter follows:

July 31, 1941.

GENTLEMEN:

I only wish it were possible to talk with each of you personally because we canners have before us a common emergency problem both as American citizens and as businessmen. It has become essential that each of us consider his individual position in relation to what is happening in our country and throughout the world. It is essential that each of us know fully and frankly what must be done with respect to supplying canned foods for our armed services and those branches of the Government in charge of carrying out the provisions of the Lend-Lease Act. Without the possibility of mutual conversations on this serious matter, I am obliged to resort to this method of reaching all members of the canning industry.

We face an immediate problem of supplying canned foods to the armed services. For our Army and Navy of over two million men the Government must have canned foods. Both the Government and the canning industry have tried to supply these needs on a business-like basis, through regular purchases at reasonable prices. If this cannot be done, however, the Government has full legal power to take from any canner any part of his production or inventory at a price which the Government will fix as reasonable. If the supply for the armed services cannot be obtained in a reasonable business way—as we believe it can—the sovereign power will be exercised.

For many months past representative canners have worked earnestly with the Defense agencies and the Army and Navy to iron out the difficulties which were believed to stand in the way of direct and convenient bidding by canners.

To this end specifications have been revised to conform as nearly as possible to regular commercial practices. Just the other day in the case of canned peas the gravity test with which canners were not familiar was eliminated.

Bid bonds and performance bonds are not now required of canners.

Centralized buying by commodities, in carload lots, and inspection at the cannery have been provided.

The overtime provisions of the Walsh-Healey Act were lifted at the request of the Army in order to permit bids to the Army on futures.

To enable canners to operate this season, a priority rating just below that for military airplanes was afforded for materials needed to maintain canning equipment. Thus, facilities for equipment for canning during the current season will be available.

Nevertheless, it is my duty to report that for a variety of reasons canners have not yet found themselves in a position to bid as frequently and fully as the Defense authorities have desired. The estimated total Army and Navy requirements from the 1941 pack equals only about 8.3 per cent of the canned vegetable pack and 4.9 per cent of the canned fruit pack. In addition, considerable quantities of canned fish and specialties will be needed.

If every canner would fulfill his patriotic obligation to the armed services, at least on this portion of his 1941 pack, there is every expectation that his orderly business operations can continue and his regular trade can be served, while at the same time the armed services can be supplied what they need at reasonable prices. I am confident that every canner will contribute his portion, but a delay in bidding may result in mandatory action if the exigencies of the demand for the armed services should require it. I am advised that the Government has ample power under existing statute law to place

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ALLOCATION PROGRAM FOR TIN CANS

O. P. A. C. S. Drafts Plan to Safeguard Supply for Food Packs; Possible Price Ceiling for Tin

To guard against the possibility that supplies of cans required to pack the current food crop may fall below the necessary total, the Civilian Allocation Division, Office of Price Administration and Civilian Supply, on July 26 issued an allocation program giving tinplate and zinc oxide needed for this purpose a preference over other civilian demands.

Announcement of the program followed a meeting between O. P. A. C. S. and principal can manufacturers at which the manufacturers agreed to furnish data on the amounts of materials going into the various types of cans and on the different uses made of cans by industry at large. The manufacturers were told that iron and steel shortages may compel restrictions upon the use of cans for non-essential purposes.

There is no present shortage of tinplate or zinc oxide, according to the announcement, but other civilian and defense demands and defense priorities may act to create one while the current food crop is being processed, it is stated. Should this occur, there is danger that appreciable quantities of perishable food will spoil. Preservation of all food available is essential to industrial efficiency and civilian morale, hence the need to assure an adequate supply of cans.

Any preferences obtained under the new program may not be used to accumulate excessive inventories of tinplate or zinc oxide and manufacturers were cautioned to exercise the most rigid economy in the use of critical materials.

The new program will be administered by the Priorities Division of the Office of Production Management.

Text of Civilian Allocation Program

While it appears that there is not at this time a shortage of materials necessary to manufacture cans in sufficient quantities to pack the current bumper crop, increasing demand from all sources and the priorities granted to defense requirements may make it difficult to obtain materials and supplies needed for that purpose. The preservation of all available food is essential to industrial efficiency and civilian morale. To avoid any possible loss which might occur, it therefore seems advisable to provide a priority status for materials and supplies required to manufacture sufficient cans for the packing of the current crop.

Accordingly, pursuant to and under the authority vested in me by Executive Order No. 8734, particularly Section 2(a) thereof, the following program for the allocation of materials and supplies for the manufacture of cans to pack the current crop is announced:

1. *Allocation of Materials and Supplies for the Manufacture of Cans To Be Used in Preservation of Food.* Sufficient materials and supplies shall be allocated to manufacturers of cans for the production of cans necessary to pack the current food crop, and, if necessary, the highest civilian preference rating shall be extended to orders for materials or supplies placed by such manufacturers, in instances when such manufacturers are unable to secure materials or supplies required for the manufacture of cans for food preservation and when, except for minimum quantities required to assure continuity of production, such manufacturers lack materials or supplies necessary for the production of such cans.

2. *Avoidance of Excessive Inventories.* Preferences granted under this program shall not be used to accumulate excessive inventories.

3. *Economy in Use of Critical Material.* All manufacturers of cans utilizing preference ratings granted by this program shall exercise the most rigid economy in the use of critical materials for the manufacture of cans.

4. *Exclusion of Other Types of Cans.* This program refers only to cans to be used in the preservation of food and for the 1941 crop.

5. *Effective Date and Expiration.* This program shall take effect on the 26th day of July, 1941, and shall, unless sooner terminated by the Administrator, expire the 1st day of October, 1941.

6. *Enforcement.* The foregoing program is to be administered and enforced by the Office of Production Management.

Issued this 26th day of July, 1941.

(Signed) LEON HENDERSON,
Administrator.

Measure to Conserve Tin Stockpile

The following telegram has been sent to tin consumers in the United States by E. Vogelsang, chief of the tin branch of the Office of Production Management:

Tin consumers were requested in July, 1940 to assist in the general accumulation of stocks in the United States and prompt cooperative action on their part assisted this accumulation. Due to the unstable conditions of the tin market at present time, preventing further acquisitions to the government stockpile, the Office of Production Management now requests consumers not only to refrain from increasing their stocks but also to cease replacing their current consumption until such time as the increase acquired by them since June 1940 is reduced by one half. Immediate cooperation is requested.

Price Ceiling on Tin a Possibility

Recent sharp increases in the price of tin, stimulated by developments in the Far East, may force the Office of Price Administration and Civilian Supply to impose a price ceiling on the metal in the near future, Leon Henderson, administrator, announced July 28.

Should a price ceiling prove necessary, it was emphasized, no special consideration will be shown to persons who henceforth acquire tin at recent high prices. Higher prices for tin in the United States will not increase supplies, Mr. Henderson pointed out, because the supply problem is one of shipping.

The Government buying price of 50¢ a pound established by the Metals Reserve Company is a fair one, Mr. Henderson said, and it is hoped that prices will stabilize quickly around that level.

The current price for tin is approximately 55¢ a pound, having increased about 2¢ a pound in the last few days, during which time the price of tin in the Far East has been declining. Tin is imported to this country from British Malaya and the Dutch East Indies.

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mandatory orders, at its own level of prices, which orders are given absolute priority and must be filled by the canner.

Obviously, it is far preferable that the necessary task of supplying the armed services be fairly distributed without disturbance of selling to regular civilian outlets. This is certainly more desirable than the placing of mandatory orders with those cannery who have stocks and whose normal business operations would be drastically interfered with by such orders. It is equally obvious that the armed services must have their supplies.

I am confident that the canning industry will in this emergency, as it has in the past, voluntarily and patriotically cooperate in this effort. I know, too, that those to whom the responsibility of obtaining supplies for the armed services has been entrusted do not desire to invoke any mandatory powers. To this end I am asking each of you to bid to the fullest extent that you can on the current and future invitations offered by the armed services in order that the canning industry may, in these strenuous times, perform its important function of supplying the military as well as the civilian needs for canned foods.

If you have any questions, or if you desire any information as to how you can do your part, an inquiry addressed to the Washington office of the Association will elicit a prompt reply.

Very sincerely yours,
(Signed) ROBERT C. PAULUS,
President.

Price Control Bills Introduced in Congress

Following a Presidential message to Congress on Wednesday recommending the enactment of legislation to deal with the threat of inflationary price rises and increases in the cost of living, companion bills were to be introduced in the House and Senate August 1 proposing statutory control over prices. The bills, along with the message from the President, have been referred to the Banking and Currency Committees, where they are expected to receive prompt consideration. Detailed provisions of the bills will be summarized in next week's INFORMATION LETTER.

Army Invitation for Canned Corn

Veterans Administration and U. S. Marine Corps Also Seeking Bids on Variety of Canned Products

The Office of the Quartermaster has issued an invitation for bids on 2,095,000 dozen cans of No. 2 cream style corn, with alternative bids acceptable for the same quantity in No. 2 cans, whole grain, or 388,000 No. 10 cans of whole grain. Opening date for the bids is to be August 20, and deliveries of specified quantities are to be made at the Army depots at Boston, Jersey City, Charlotte, Atlanta, New Orleans, Chicago, Kansas City, and at Fort Sam Houston, Houston, Texas, and Fort Mason, San Francisco.

A special note is attached to the invitation stating that since contracts for futures are exempted from the overtime rate of pay provided by the Walsh-Healey Act but contracts for spots are not, the bidder should indicate whether he is offering futures or spots.

The Veterans Administration, Arlington Building, Washington, D. C. and the Quartermaster of the U. S. Marine Corps, Navy Building, Washington, have issued invitations for bids on canned foods. The Veterans seek offers of 1,425 dozen No. 10 cans of peaches, with bids scheduled for opening August 19. Continuing their policy, announced with their last invitation to bid, this new bid-form contains no paragraph requiring Walsh-Healey compliance. The invitation specifies delivery of the canned peaches at the supply depots at San Francisco and Chicago.

Another invitation from the Veterans Administration asks for bids on 29,400 dozen No. 2 cans of golden bantam and 15,200 dozen No. 2 cans of white corn. Opening date for the corn bids is August 25 with deliveries at Perryville, Md., San Francisco, and Chicago.

The Marine Corps asks for bids on a variety of canned foods, with August 8 and August 11 opening dates specified, and deliveries at the Marine barracks at Quantico, Va., and Philadelphia, Pa., respectively. Of a total of 163 articles listed in these two bids, 45 are canned foods.

First Purchases of Fresh Peaches and Tomatoes

The Department of Agriculture announced during the seven-day period ending August 1 the first purchase of peaches, totaling 58,345 bushels, and the first purchase of fresh tomatoes, amounting to 1,247 bushels. The Department also announced the purchase of 19,000 additional cases of sardines, in its program of canned fish purchases.

The following table lists purchases of items in which canners are interested:

TOTAL PURCHASES—SELECTED COMMODITIES

Commodities	Purchases	
	July 25-Aug. 1	Mar. 15-Aug. 1
Apricots, dried (pounds).....	700,000	10,686,000
Oranges (boxes).....	9,240	500,346
Plums (lug boxes).....	5,410	36,144
Peaches (bushels).....	75,309	75,309
Tomatoes (bushels).....	1,247	1,247
Snap beans (bushels).....	134	151
Beets (bushels).....	8,055	37,366
Carrots (bushels).....	8,008	27,705
Evaporated milk (cases).....	169,200	3,587,150
Fish liver oil—Vitamin A (million units)...	102,150	2,649,333
Sardine futures (cases).....	19,000	197,000
Pork, canned (cases).....	4,376,180	70,188,004

NEW TAX BILL ANALYZED

Corporation Income and Excess Profits Levies Increased and New Taxes Introduced

As was indicated in last week's INFORMATION LETTER, the \$3,500,000,000 Revenue Act of 1941 was reported to the House of Representatives by the Committee on Ways and Means on July 25, 1941. The Committee's report affords the first opportunity to examine the many changes in Federal taxes which have previously been agreed upon by the Committee sitting in closed session. Consideration of the measure on the floor of the House began July 30, under a special rule which limits debate and imposes restrictions upon amendments which may be offered to the bill from the floor of the House.

It is estimated that the bill in its present form will yield in excess of \$3,500,000,000 in additional revenue. To achieve this substantial increase in revenue, the bill proposes many far-reaching changes in the Federal tax structure. Not only are individual income tax rates substantially increased, but substantial increases in corporation income and excess-profits tax rates also are proposed and changes in the method of computing these taxes are made. Gift and estate tax rates are increased, as are the rates for many existing excise taxes. Finally, the bill proposes a whole series of new excise taxes.

Of primary interest to canners are, of course, the increases which have been made in corporation income and excess-profits taxes, the changes which have been made in the method of computing these taxes, and proposed new taxes on the sale of *soft drinks* and the use of *motor vehicles* and *boats*. These changes will be discussed in detail.

Changes in Corporation Income Taxes

The principal change in corporation income taxes proposed by the new bill is a new *surtax* on corporation income. This surtax will be at the rate of 5 per cent of the first \$25,000 of surtax net income and 6 per cent of the balance of such income. Apart from the imposition of this surtax, no change has been made in existing normal corporation income tax rates. Consequently, corporation income taxes will be imposed under the new bill as follows: Corporations having incomes of less than \$25,000 will pay normal taxes at the existing rates ranging from 13.5 per cent to 17.0 per cent, a special defense tax of 10.0 per cent of these normal taxes, and a surtax of 5 per cent on surtax net income. Corporations having incomes over \$25,000 will pay a normal income tax at the existing rate of 22.1 per cent, a defense tax of 1.9 per cent of income (10 per cent by 19 per cent), and a surtax of 5 per cent on the first \$25,000 of surtax net income and 6 per cent on the remainder of such income.

The bill also proposes an important change in the basis of computing these corporation income taxes. For it will permit the deduction from gross income, in computing net income, of any excess-profits taxes which the corporation may be required to pay. In the past this deduction has not been permitted. Where a corporation is subject to the excess-profits tax, the allowance of this deduction may serve to reduce the income tax due, but as will be observed below, this reduction is more than offset by changes in the method of computing the excess-profits taxes which will substantially increase the excess-profits taxes that must be paid.

These changes in corporation income taxes will apply to all taxable years which begin after December 31, 1940.

Changes in Excess-Profits Taxes

The bill retains the basic structure of the excess-profits tax that was enacted by Congress last year. Thus, taxpayers are still given an option to compute their excess-profits tax on either the invested capital or the average earnings basis. The bill also retains the provision permitting taxpayers to carry over and make up deficiencies in earnings for past years before current earnings are deemed subject to the excess-profits tax (for a discussion of this provision see page 6455 of the INFORMATION LETTER of March 1, 1941). Substantial increases in excess-profits tax rates are proposed, however, and several changes in the method of computing these taxes have also been made and will have the effect of increasing the taxes to be paid.

Existing excess-profits tax rates have been increased 10 per cent in all of the various income brackets. Under existing law the rates range from 25 per cent on excess-profits income of less than \$20,000 to 50 per cent on income in excess of \$500,000. Under the Committee's bill the rates will range from 35 per cent to 60 per cent. These increases can best be illustrated by a table comparing existing rates with those proposed by the bill.

Amount of excess profits	Rate of tax	
	Existing law Per cent	Proposed law Per cent
First \$20,000 at.....	25	35
Next \$30,000 at.....	30	40
Next \$50,000 at.....	35	45
Next \$150,000 at.....	40	50
Next \$250,000 at.....	45	55
Over \$500,000 at.....	50	60

Also contributing to the increase in the amount of excess-profits taxes to be paid, is an amendment providing that corporation income taxes may not be deducted in computing excess-profits tax net income. Under existing law if a corporation paid \$25,000 in income taxes, for example, this amount could be deducted in computing the amount of income subject to the excess-profits tax. This, of course, served in some cases to reduce substantially the amount of excess-profits tax due. Under the bill, this deduction no longer will be permitted, with a resulting increase in the amount of income subject to excess-profits taxes. Because this deduction is no longer allowed, the bill proposes (as is indicated above) that any excess-profits tax paid may be deducted in computing the income subject to the normal corporate income taxes.

The bill contains still another provision designed to increase the amount of excess-profits taxes to be paid. Many corporations find it advantageous to use the invested capital method of computing excess-profits tax net income, rather than the average earnings method, for the reason that 8 per cent of their invested capital yields a larger credit than their average earnings for the base period. The bill provides that in cases where a corporation elects to use the invested capital method it must pay an additional tax of 10 per cent upon the portion of its excess-profits income which would be subject to tax if it utilized the average earnings method but which is not taxed under the invested capital method. For example, if a corporation has an invested capital of \$500,000 and a net income of \$100,000, it would be entitled to an excess-profits credit of \$40,000 (8 per cent

of \$500,000). This amount could be deducted from its income in computing the amount of income subject to excess-profits tax. If its average earnings during the base period were only \$30,000, it obviously would elect to use the invested capital method since this gives a \$40,000 rather than a \$30,000 credit. Under the bill, the \$10,000 difference in credit between \$30,000 under the average earnings method and \$40,000 under the invested capital method, will be subjected to a 10 per cent tax.

Finally, the bill proposes a slight change in the amount of credit which is allowed under the invested capital method. At present, this credit is a flat 8 per cent of the invested capital. Under the bill, if a corporation has an invested capital of more than \$5,000,000 it will be allowed a credit of 8 per cent on the first \$5,000,000 only, and on all invested capital in excess of that amount it will be allowed a credit of only 7 per cent.

These changes in the excess-profits taxes will apply to all taxable years beginning after December 31, 1940.

Excise Tax on Soft Drinks

The excise tax on *soft drinks* proposed by the bill is of interest, not because of its possible application to canned fruit juices, but because it clearly does not apply to these products. The bill proposes a tax on "soft drinks" and on "finished or fountain sirups" used to manufacture soft drinks, but the phrase soft drinks is specifically defined to include only "carbonated beverages of the kind commonly known as soft drinks, carbonated liquids of the kind commonly known or commonly used as mixers, sparkling waters, and carbonated natural or artificial mineral waters. . . ."

This definition makes it quite clear that the excise tax is not intended to apply to canned fruit or vegetable juices.

Tax on Use of Motor Vehicles and Boats

The bill also proposes a use tax on *motor vehicles and boats*. In the case of motor vehicles the tax is \$5 per year for each vehicle. It applies to all motor vehicles of the kinds "chiefly used for highway transportation." Apparently it thus will apply to all trucks which a canner may own and use in the operation of his business.

The use tax on boats varies with the size of the boat. It ranges from \$5 per year on boats having an overall length of 16 feet or over but not over 28 feet, to \$200 per year on boats over 200 feet in overall length. It seems doubtful, however, whether this tax will apply to boats owned and operated by fish canners. For the bill specifically states that the tax does not apply to "boats used exclusively for trade, or commercial fishing."

Miscellaneous Excise Taxes

In addition to these changes in the Federal tax structure, which have been discussed in detail, the bill proposes many other changes of less direct interest to canners. Not only are the rates of many existing excise taxes increased, but the bill proposes a series of new excise taxes on products that have not previously been subject to such taxes, such as sporting goods, luggage, electrical appliances, photographic apparatus, business and store machines, rubber products, commercial washing machines, optical equipment, jewelry, furs, toilet preparations, slot machines, bowling alleys, billiard tables, outdoor advertising, the transportation of persons by rail, bus, water, or air, etc.

RECORDS OF HOURS AND PAY

Walsh-Healey Committee Will Request Information After Packs Are Finished

Canners are requested to keep payroll records showing how many hours a day each employee works, and at what rate of pay, during the current packing season, in preparation for a request for such information that will be made in mid-September by the special Walsh-Healey committee appointed to study and make recommendations for a solution of problems relating to the 1942 pack.

The committee held its first meeting July 29, under chairmanship of L. Metcalfe Walling, administrator of the Division of Public Contracts, who represents the Labor Department on its personnel. It was Mr. Walling who recommended appointment of the committee at the time exemptions from provisions of Section 1 of the Walsh-Healey Act were granted on government contracts for futures purchases of specified fruits and vegetables during the balance of this year.

Not wishing to burden canners during the height of their packing season with a survey or questionnaire, the committee decided to defer their request for details of hours and rates of pay until later. However, it is pointed out that canners will be better able to furnish the information at that time if they preserve their daily record sheets.

This meeting of the special committee found its personnel complete with the naming of W. Ellison Chalmers of the labor division of the Office of Production Management, to represent O. P. M., and Lieutenant Colonel O. E. Cound, of the Quartermaster General's Office, representing the Army. Names of the representatives on the committee of the National Canners Association, Navy Department, Labor Department, Congress of Industrial Organizations, and American Federation of Labor were published in the July 19 INFORMATION LETTER.

Compliance Reported in Citrus Wage-Hour Drive

With final reports of an industry-wide drive tabulated, Administrator General Philip B. Fleming, Wage and Hour Division, U. S. Department of Labor, has announced that the nation's citrus fruit packing industry is cooperating with the Division in its application of the Fair Labor Standards Act.

Conducted following a six-months' self-compliance campaign carried on by the industry, the Division's inspection drive was directed at all plants engaged in packing citrus fruits. They are located principally in California, Texas, and Florida, with some 45,000 workers employed.

"Six hundred and forty-nine covered plants were inspected," General Fleming reported. "We found a great number of violations, but most of them were of a technical nature involving infractions of our record-keeping requirements. We also found many violations of the minimum wage and overtime provisions of the law, but our investigations revealed that a great number of these were caused through misunderstanding of the Act on the part of an operator rather than through wilful disregard of the law. On the whole, our inspectors found that citrus packers are cooperating with the Division."

Only about one in five of the plants inspected by the Division were found in complete compliance, General Flem-

ing said. Some 196 employers who had not been paying all workers in strict accordance with the provisions of the law agreed to pay nearly \$47,000 to 3,050 affected workers. The Wage and Hour Law requires the payment of not less than 30 cents an hour to all workers engaged in interstate commerce or in the production of goods for interstate commerce and who are not specially exempted from the wage and hour provisions of the Act. It also requires that such workers be paid not less than one and a half times their regular rate of pay for any overtime worked beyond 40 hours in any one workweek. Certain exemptions from the hours provisions provided in the law for employees engaged in industries of a seasonal nature are of value to citrus fruit packers during their peak periods.

Priority Control Order for Chlorine

Chlorine, which is used in some cannery waste disposal operations and from which is derived hypochlorite, a material used by canners in their cooling tanks, was placed under full priority control July 28, in a general preference order signed by E. R. Stettinius, Jr., director of priorities, Office of Production Management.

The order requires that defense orders for chlorine must be filled ahead of non-defense contracts and also stipulates that producers of this chemical must accept defense orders in preference to all non-defense calls. For the present, the O. P. M. press release stated, it is not expected that the volume of defense orders will be greatly increased and meanwhile manufacturers may make other deliveries if they have sufficient capacity to do so after meeting defense orders.

The text of general preference order No. M-19 contains the following statement as to what defense orders mean:

(i) Any contract or order for products to be delivered to, or for the account of: (a) The Army or Navy of the United States, the United States Maritime Commission, the Panama Canal, the Coast and Geodetic Survey, the Coast Guard, the Civil Aeronautics Authority, the National Advisory Commission for Aeronautics, the Office of Scientific Research and Development; (b) the government of Great Britain and the government of any other country whose defense the President deems vital to the defense of the United States under the Act of March 11, 1941, entitled "An Act to Promote the Defense of the United States."

(ii) Any other contract or order to which the director of priorities assigns a preference rating of A-10 or higher. (Such ratings will be assigned only to contracts or orders which the director of priorities shall deem necessary or appropriate to promote the defense of the United States.)

(iii) Any contract or order placed or offered by any person for the delivery of any material or equipment needed by him to fulfill his contracts or orders on hand, which material or equipment is required for the fulfillment of any contracts or orders included under (i) and (ii) above.

Chlorine was placed on a civilian allocation program, July 30. Among uses for which adequate supplies of chlorine shall be allocated, under terms of an order issued by Leon Henderson, administrator of the Office of Price Administration and Civilian Supply, "preservation and processing of food products" was cited.

QUARTERLY STOCKS REPORT

Census Bureau Issues Figures on Supplies of Selected Canned Foods on July 1

Stocks of peas, corn, beans, and salmon in the hands of canners and distributors were smaller on July 1, 1941, than a year earlier, according to the quarterly canned foods stocks report prepared by the Bureau of the Census in cooperation with the National Canners Association and the Association of Pacific Fisheries.

The following table summarizes trends in canners' and distributors' stocks of certain selected canned foods:

Commodity	Canners' stocks Change July 1, 1941 from July 1, 1940	Distributors' stocks Change July 1, 1941, from— April 1, 1941 July 1, 1940	
	Per cent	Per cent	Per cent
Vegetables:			
Peas.....	-44	-12	-8
Corn.....	-88	-37	-29
Tomatoes.....	-22	-9	+25
Beans.....	-80	-41	-29
Fruits:			
Peaches.....	-84	-28	+1
Pears.....	+131	-6	+36
Salmon:			
Alaska Reds.....	-91	-26	-8
Pinks.....	-98	-30	-34
Other.....	-38	-27	+6
	-72	-17	+15

Salmon, Tuna, and Sardines.—In terms of number of cases, all sizes combined, canners' unsold stocks of salmon were down 91 per cent from last year. The number of cases of Alaska Reds was most reduced, canners' stocks falling 98 per cent and distributors' stocks 34 per cent. Salmon stocks have thus been maintained at definitely lower levels since the first of the year, 55 per cent to 91 per cent lower for canners and four per cent to 14 per cent for distributors, according to the three dates for which inventories are available. As shown in the following table, distributors' stocks of tuna were also off 15 per cent and the number of cases of sardines decreased 17 per cent. The decrease in distributors' stocks of salmon from a year ago follows the decrease of 23 per cent reported between July 1, 1939, and July 1, 1940, while the canners' stocks, off 91 per cent from July, 1940, were, on that date, already 25 per cent below 1939.

The following table presents statistics of representative distributor's stocks of canned salmon, tuna, and sardines. Compiled by the Bureau of the Census, the figures are based on reports from the same firms for each date:

Commodity	July 1, 1941	April 1, 1941	July 1, 1940	Change July 1, 1941, from— Apr. 1, 1941 July 1, 1940	
	Cases	Cases	Cases	Per cent	Per cent
Salmon, total...	299,294	390,202	314,151	-26	-8
Reds.....	81,458	116,456	124,024	-30	-34
Pinks.....	138,701	190,875	130,257	-27	+6
Other.....	69,135	82,871	59,870	-17	+15
Tuna.....	113,484	193,179	133,228	-41	-15
Sardines, total...	152,504	145,526	183,167	+5	-17
California.....	85,651	105,143	100,424	-19	-15
Maine.....	53,689	21,838	49,315	+146	+9
Imported.....	13,254	18,545	33,428	-29	-60

Representative data on canners' inventories of stocks of unsold salmon, compiled by the Association of Pacific Fisheries, are shown in the following table. The figures represent the combined reports of companies accounting for 98 per cent or more of the total pack, in cases, all sizes:

Variety	June 30, 1941	Mar. 31, 1941	June 30, 1940	Mar. 30, 1940
	Cases	Cases	Cases	Cases
Alaska Reds.....	9,280	43,346	599,228	984,688
Pinks.....	25,047	111,201	40,417	154,677
Other.....	31,400	208,660	111,190	230,170
Total.....	65,727	363,207	750,835	1,369,535

Vegetables.—Stocks of canned tomatoes, according to distributors cooperating in this survey, were 25 per cent greater than on July 1, 1940. A lesser increase over 1940 also was reported January 1 and April 1, 1941, indicating a gain in the relative level of inventories of this item. Canners' stocks of tomatoes, however, decreased 22 per cent from a year ago, at which date they were already 17 per cent below the July, 1939, level.

For all the vegetables on which reports are available, the stocks of canners showed greater variation than those of distributors. The largest decrease, 88 per cent, was in holdings of cases of corn by canners. Decreases of 86 and 44 per cent were reported in canners' holdings of beans and peas. Stocks of tomatoes were down 22 per cent, as noted above, and all four of these items had shown substantial declines July 1, 1940, from the same date of 1939. The trend toward decreased stocks, noted last quarter, is thus continued this period.

The following table presents sold and unsold stocks in cases, all sizes, of four selected canned vegetables on certain dates. The first section representing distributors' stocks, was compiled by the Bureau of the Census and is based on reports from the same firms for each date. The second, covering total canners' stocks of the same commodities, was compiled by the Association's Division of Statistics:

Commodity	July 1, 1941	April 1, 1941	July 1, 1940
DISTRIBUTORS:	Cases	Cases	Cases
Peas.....	925,899	1,053,993	1,009,624
Corn.....	713,156	1,131,095	1,007,036
Tomatoes.....	943,661	1,034,645	753,816
Green and wax beans.....	315,060	537,063	441,108
CANNERS:			
Peas.....	1,101,735	4,421,657	1,978,928
Corn.....	450,247	3,789,790	3,850,206
Tomatoes.....	2,323,936	8,040,196	2,983,023
Green and wax beans.....	108,877	1,085,563	769,451

* Old stocks only.

Pears and Peaches.—Both distributors' and canners' stocks of canned pears were higher on July 1, 1941, than a year earlier. Canners' stocks of peaches were again in smaller volume than at the same date one year earlier. The decrease in cases of peaches held by canners conforms to the trend shown over the last two years, while the increase in pears is in line with the increases indicated at January 1, 1941, and April 1, 1941. Distributors' stocks of both peaches and pears were up, 1 and 36 per cent respectively.

Stocks of pears and peaches in the hands of representative distributors and canners on July 1 and April 1, 1941, and on April 1, 1940, together with percentage changes, are shown in cases, all sizes, in the following table compiled by the Bureau of the Census:

Commodity	July 1, 1941	April 1, 1941	July 1, 1940	Change July 1, 1941, from— April 1, 1941 July 1, 1940	
	Cases	Cases	Cases	Per cent	Per cent
DISTRIBUTORS:					
Peaches.....	537,472	750,229	532,982	-28	+1
Pears.....	271,138	289,888	199,379	-6	+36
CANNERS:					
Peaches.....	220,366	1,179,007	1,368,184	-81	-84
Pears.....	460,238	1,125,048	199,029	-59	+131

Evaporated and Condensed Milk Statistics

Production of evaporated milk (case goods) during June, 1941, was estimated at 334,168,000 pounds by the Agricultural Marketing Service. This is the largest June production of record, and exceeds the June, 1940 production by 38,444,000 pounds and the June (1935-39) average by 72,635,000 pounds. June production, however, was 19,593,000 pounds less than that for May. Only in three other years—1938, 1931, and 1918—has June output been less than that of the preceding month. Production for the first six months of 1941 is estimated at 1,488,222,000 pounds, an increase of 156,769,000 pounds, or 12 per cent, over the production of the same period last year.

Production of condensed milk (case goods) also followed a lower trend from May to June. Although failing to establish a record high, the June output was the largest for any June since 1930, exceeding the June, 1940 production by 59 per cent and the 1935-39 average for June by 153 per cent. The production is estimated at 52,418,000 pounds, an increase of 28,618,000 pounds, or 120 per cent, over the output of the first six months of 1940.

Manufacturers' stocks of evaporated milk (case goods) on July 1, 1941, totaled 189,711,000 pounds, the smallest for this date since 1936. On July 1, 1940, manufacturers' stocks totaled 288,565,000 pounds, and the July 1, 1935-39 average is 283,836,000 pounds.

Stocks of condensed milk (case goods) held by manufacturers on July 1 totaled 10,009,000 pounds—two per cent less than the stocks held on the same date last year and 10 per cent less than the 1935-39 average.

Revised Statistics on Sugar Imports

The Department of Commerce, on July 29, released additional and corrected figures covering imports of sugar to the United States from the non-contiguous territories of Hawaii and Puerto Rico.

In their previous report, published in the INFORMATION LETTER of June 28, total receipts from Hawaii were given as 20,803,632 pounds of refined, free sugar and 178,808,965 pounds of raw, free sugar. The Department now revises these figures to the correct totals of 2,190,000 and 173,808,965, respectively.

In their report covering May imports published in the July 26 INFORMATION LETTER, the Department omitted the following:

Origin	Raw—Free Pounds	Refined—Free Pounds
Hawaii.....	213,956,905	1,710,000
Puerto Rico.....	214,943,280	29,764,000

List of Blocked Nationals Amended

The list of blocked nationals, comprising a "blacklist" of certain Central and South American firms and persons to whom exports from the United States are denied, has been amended. The amendment deletes a number of firms that appear in the original blacklist and also contains a few substitutions in the identification of other affected firms.

Fruit and Vegetable Market Competition

Carlot Shipments as Reported to the Agricultural Marketing Service by Common Carriers

Supplies of green peas on the fresh market for the week ending July 26, 1941, were larger than for the corresponding week in 1940, but supplies of snap and lima beans, tomatoes, and spinach were smaller, according to the Agricultural Marketing Service, as evidenced by carlot shipments.

Supplies of citrus fruits also were smaller for the week ending July 26 this year than for the same period last year.

The following table, compiled from statistics of the A. M. S., gives detailed comparisons of carlot shipments on certain dates of selected vegetables and fruits:

VEGETABLES	Week ending—			Season total to—	
	July 26, 1940	July 26, 1941	July 19, 1941	July 26, 1940	July 26, 1941
Beans, snap and lima.....	14	4	2	4,058	3,747
Tomatoes.....	303	180	401	16,222	12,940
Green peas.....	207	319	112	4,094	3,526
Spinach.....	18	16	20	5,690	5,130
Others.....	317	529	430	47,374	47,003
FRUITS					
Citrus, domestic.....	1,981	1,860	2,814	119,445	128,264
Others, domestic.....	5,275	5,143	2,460	31,417	35,032

Alaska Salmon Pack Report

The following figures on the Alaska salmon pack, as reported by the U. S. Fish and Wildlife Service, show the pack by districts and species through July 26:

District	Coho Cases	Chum Cases	Pink Cases	King Cases	Red Cases	Total Cases
Bristol Bay.....	1,764	49,325	.....	2,822	568,356	622,267
Alaska Peninsula:						
North side.....	.....	4,636	83	176	35,989	40,854
South side.....	10,933	90,619	81,949	2,925	79,392	265,818
Chignik.....	634	11,700	6,833	289	43,556	63,012
Kodiak.....	1,160	22,607	125,030	465	49,968	199,230
Cook Inlet.....	22,962	21,218	19,213	26,093	69,632	159,118
Prince Wm. Sound.....	2,327	40,884	91,086	82	3,413	137,792
Copper River.....	.....	.....	.....	4,282	34,368	38,650
Yakutat.....	.....	40	1,754	764	15,418	17,976
Icy Strait.....	5,009	12,933	82,457	221	6,546	107,166
Western.....	10,189	38,594	122,640	306	9,887	181,616
Eastern.....	3,626	32,351	100,448	115	5,763	142,303
Wrangell.....	3,576	12,197	108,626	10	13,340	137,749
South Prince of Wales Island.....	4,460	493	3,546	4	637	9,140
Southern.....	4,370	8,602	138,173	67	10,858	162,070
Total.....	71,010	346,199	881,838	38,621	947,093	2,284,761

Committee Reports Fruit Juice Bill Favorably

The Senate Committee on Naval Affairs this week reported favorably the Andrews-Peterson bill to provide for the inclusion of canned fruit and tomato juices in the Navy ration. The bill (S.1521) also would provide for the use of powdered or concentrated fruit juices by the Navy.

As was noted in last week's INFORMATION LETTER, the Navy Department had recommended the enactment of such legislation. In its report the Navy pointed out that the addition of canned fruit and tomato juices and powdered and concentrated fruit juices would provide for a greater variety in the Navy ration at no increase in cost, particularly during long periods at sea.

TRADE PACT WITH CUBA CONSIDERED

State Department Announces Dates for Submission of Information and Public Hearing

Formal notice of intention to negotiate a trade agreement with the government of Cuba was announced July 26 by the State Department. The agreement will be supplemental to the agreement concluded August 24, 1934, as amended by the supplementary agreement signed December 18, 1939. Among commodities under consideration for possible granting of tariff concessions are sugars, molasses, sugar and molasses sirups, fresh, chilled or frozen beef and veal, and grapefruit.

A public hearing will be held September 8 before the Committee for Reciprocity Information, in the hearing room of the Tariff Commission Building, Eighth and E Streets, N. W., Washington, D. C. Notice was given that all information and views in writing, and applications for supplemental oral presentation of views shall be submitted to the Committee not later than noon, August 23. Six copies of written statements shall be submitted, of which one shall be sworn to. Such representations, it was stated, need not be confined to the articles listed in the announcement but may cover any article of actual or potential interest in the import or export trade of the United States with Cuba. At the same time, it was explained, only articles listed in the announcement of July 26 will come under consideration for possible granting of concessions.

Commodities of special interest to the canning industry, with the present rate of duty on shipments from Cuba, follow:

Commodity	Present rate
Sugars, tank bottoms, sirups of cane juice, melada, concentrated melada, concrete and concentrated molasses, testing by the polariscope not above 75 sugar degrees, and all mixtures containing sugar and water, testing by the polariscope above 50 sugar degrees and not above 75 sugar degrees.....	\$0.006165 per lb.
and for each additional sugar degree shown by the polariscope test.....	\$0.000135 per lb. additional, and fractions of a degree in proportion *
Molasses and sugar sirups, not specially provided for: If containing soluble non-sugar solids (excluding any foreign substance that may have been added) equal to more than 6 per cent of the total soluble solids:	
Testing not above 48 per cent total sugars.....	\$0.0013 1/3 per gal.
Testing above 48 per cent total sugars.....	\$0.0014 2/3 additional for each per cent of total sugars and fractions of a per cent in proportion
Other: Testing not above 48 per cent total sugars.....	\$0.002 per gal.
Testing above 48 per cent total sugars.....	\$0.0022 additional for each per cent of total sugars and fractions of a per cent in proportion
Molasses not imported to be commercially used for the extraction of sugar or for human consumption.....	\$0.00024 per lb. of total sugars
Beef and veal, fresh, chilled, or frozen.....	\$0.048 per lb.
Grapefruit.....	\$0.012 or \$0.006 per lb.
* 96° sugar \$0.009 per pound.	

A. M. S. Standard for Red Sour Pitted Cherries

The Agricultural Marketing Service of the Department of Agriculture has issued a draft of revised standards for grades of canned red sour pitted cherries, bearing the effective date of July 15. Comments of all interested parties will be sought before promulgation of the standards by the Secretary of Agriculture.

Aside from minor changes of phraseology and some amplification of explanatory paragraphs, the most noteworthy change is the elimination of uniformity of size from the determination of score. The ten points previously assigned to this factor have been added to those allowed for absence of defects. In place of the uniformity requirement, a new sentence in the general requirements for U. S. Grade A, or U. S. Fancy, states that not more than five per cent by count shall be less than 19/16-inch in diameter.

Change in Federal Specifications for Catsup

The recent National Canners Association bulletin "Federal Canned Food Specifications," issued the first of July, and distributed by the Army, contained the latest information available at that time on the specifications for the items it covered.

Since this bulletin was published, however, further action has been taken with respect to the mold count limit on Fancy grade catsup. The purchasing agents of several departments insisted that they had been purchasing catsup of low mold count for many years and they prevailed to have the mold count on Fancy catsup set at 25 per cent. The mold count on Standard catsup will be 40 per cent. The Quartermaster Corps of the Army has stated that these requirements will apply to all Army purchases of catsup.

Raw Products Bureau Issues Corn Bulletin

Fourth in its new series on canning crops research is "Sweet Corn for Canning," distributed this week by the Association's Raw Products Bureau. Canners who wish to keep in touch with the possibilities in hybrid sweet corn production will find the first section of the bulletin, a series of articles written especially for its pages by leaders in sweet corn breeding, of particular interest. This is the first of the Raw Products bulletins to present its subject matter in this form.

More efficient use of fertilizers, and better and less expensive means of controlling insects and diseases, are problems of continuing concern to canners, and the second section of this 60-page bulletin contains the results of recent experiments on control of European corn borer and corn ear worm, fertilizer and variety testing, as published in the latest reports of experiment stations.

Bulletins and circulars relating to sweet corn issued recently by the experiment stations and U. S. Department of Agriculture are listed and described in a 6-page department.

Additional copies of the sweet corn bulletin are available on request directed to the Raw Products Bureau.